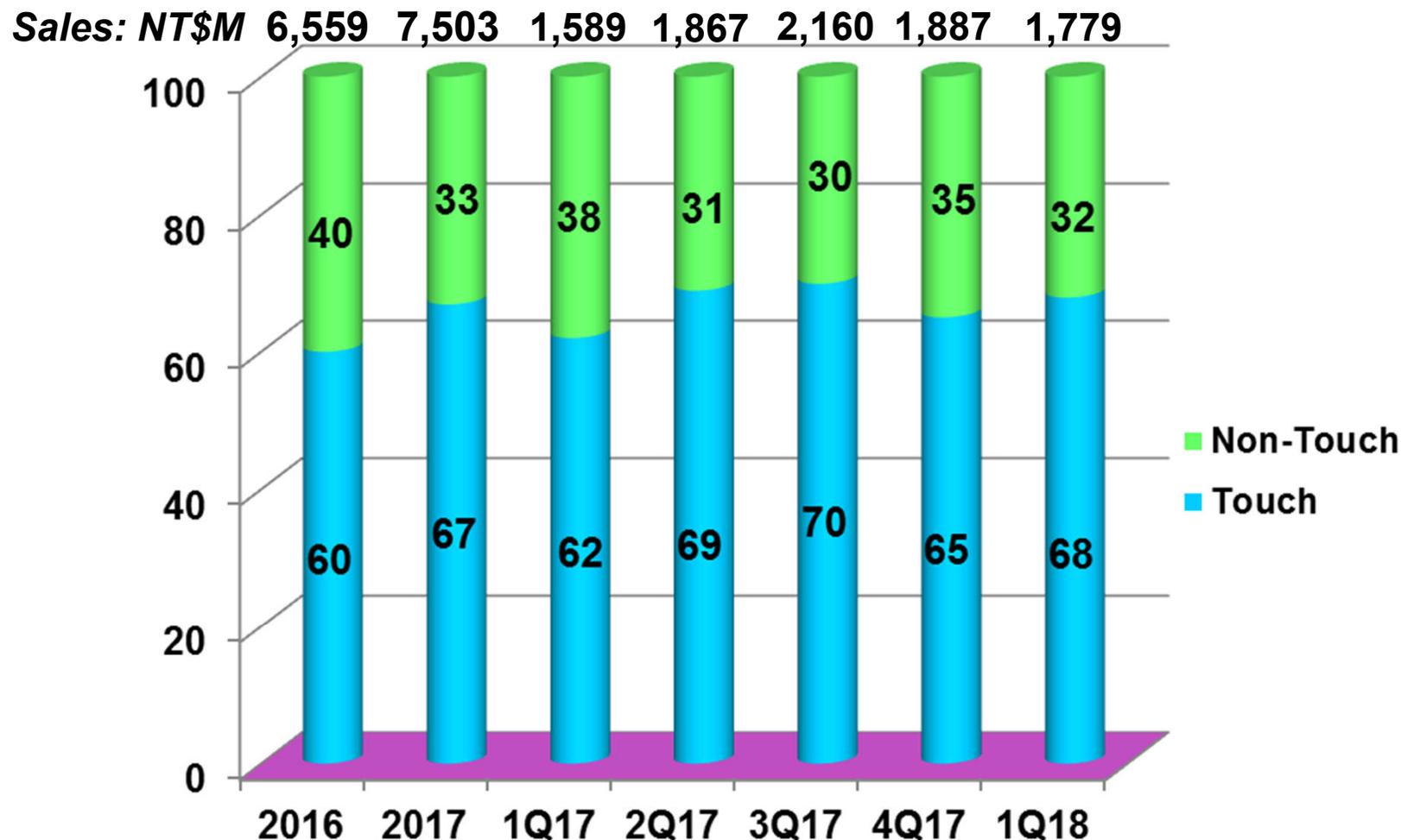


ELAN Microelectronics Corp.

1Q18 Investor Conference

2018/5/2

Sales Breakdown by Product Line (Consolidated)



- *Touch: Touchscreen Controller, Touchpad, Biometric*
- *Non-Touch: MCU, Pointing Stick, Affiliated Co. Products*

1Q18 Income Statement

YoY Comparison (Consolidated)

| | <i>NT\$M</i> | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| | 1Q18 | % | 1Q17 | % | YoY(%) |
| Sales | 1,779 | 100.0 | 1,589 | 100.0 | 12.0 |
| Gross profit | 790 | 44.4 | 697 | 43.9 | 13.3 |
| Sales expense | 72 | 4.0 | 66 | 4.2 | |
| G&A expense | 78 | 4.4 | 73 | 4.6 | |
| R&D expense | 352 | 19.8 | 331 | 20.8 | |
| Operating profit | 288 | 16.2 | 227 | 14.3 | 26.9 |
| Non-operating income & exp. | 40 | 3.0 | (68) | (4.3) | |
| Profit before tax | 328 | 19.0 | 159 | 10.0 | 106.3 |
| Net profit | 259 | 14.6 | 125 | 7.9 | 107.2 |
| Belong | | | | | |
| Parent company | 264 | | 140 | | |
| Non-Controlling Interests | (6) | | (15) | | |
| * EPS (NT\$) | 0.63 | | 0.34 | | 85.3 |

* Based on the current 434 million shares (Unreviewed)

* Based on the weighted average number of shares outstanding

1Q18 Income Statement

QoQ Comparison (Consolidated)

| | 1Q18 | % | 4Q17 | % | NT\$M |
|--|--------------|--------------|--------------|--------------|---------------|
| | | | | | QoQ(%) |
| Sales | 1,779 | 100.0 | 1,887 | 100.0 | (5.7) |
| Gross profit | 790 | 44.4 | 824 | 43.7 | (4.1) |
| Sales expense | 72 | 4.0 | 80 | 4.2 | |
| G&A expense | 78 | 4.4 | 71 | 3.8 | |
| R&D expense | 352 | 19.8 | 351 | 18.6 | |
| Operating profit | 288 | 16.2 | 322 | 17.1 | (10.6) |
| Non-operating income & exp. | 40 | 3.0 | (44) | (2.3) | |
| Profit before tax | 328 | 19.0 | 278 | 14.7 | 18.0 |
| Net profit | 259 | 14.6 | 236 | 12.5 | 9.7 |
| Belong | | | | | |
| Parent company | 264 | | 241 | | |
| Non-Controlling Interests | (6) | | (5) | | |
| * EPS (NT\$) | 0.63 | | 0.58 | | 8.6 |

* Based on the current 434 million shares (Unreviewed)

* Based on the weighted average number of shares outstanding

Balance Sheets

Mar. 31, 2018 (Consolidated)

| | <i>NT\$M</i> |
|-------------------------------------|---------------|
| Current assets | 8,029 |
| Cash and cash equivalents | 1,932 |
| Current financial assets | 750 |
| A/R&A/N | 1,320 |
| Inventory | 1,100 |
| Other current assets | 68 |
| Other current financial assets | 2,859 |
| Non-current financial assets | 1,305 |
| Fixed assets | 594 |
| Other non-current assets | 303 |
| Total Assets | 10,231 |
| Current liabilities | 2,243 |
| Non-current liabilities | 402 |
| Total Liabilities | 2,645 |
| Capital stock | 4,341 |
| Capital surplus | 536 |
| Retained earnings | 2,704 |
| Other equity interest | 135 |
| Treasury stock | (91) |
| Non-controlling interests | (39) |
| Total Stockholders' Equity | 7,586 |

(Unreviewed)

Cash Flow Statement

Mar. 31, 2018(Consolidated)

| | <i>NT\$M</i> |
|---|--------------|
| Income before tax | 328 |
| Dep & Amort. | 24 |
| Dec.(Inc.) of A/R & N/R | 66 |
| Dec.(Inc.) of inventory | 43 |
| Inc.(Dec.) of A/P & N/P | (161) |
| Others | (12) |
| Operating cashflow | 288 |
| Inc.F/A | (25) |
| Dec.(Inc.)Time deposit with maturity over three-month | (320) |
| Acquisition of intangible assets | (7) |
| Others | 2 |
| Investment cashflow | (350) |
| Inc.(Dec.) in short-term loans payable | 10 |
| Financing cashflow | 10 |
| Change in cash | (52) |
| Beg. Cash | 1,984 |
| End Cash | 1,932 |

(Unreviewed)

2Q18 Guidance

Based on Current Assumptions of Future Prospects, ELAN Expects:

- Consolidate Revenue to be Approximately between NT\$ 2 Billion and NT\$ 2.1 Billion***
- Gross Margin to be about 43.6% to 45.2%***
- Operating Income Rate to be about 17% to 20%***

ELAN Always Leading Microsoft Certification

Hardware certification

Hardware certification
 Create HCK submission
 Create WLK submission
 Create UEFI submission
 Manage submissions
 Test-sign

App certification

Bug management

Device metadata

Driver distribution

Reports

Remote debugging

Administration

[Manage product submission #1503699](#)

Summary and tasks | Submission info | Submission details

View important information about your submission, create updates, and download critical files. [Learn more](#)

Status

| | |
|---------------------|---------------|
| Status: Approved | Current step: |
| Progress: Completed | Next step: |

Submission details

| | |
|-------------------------|--|
| Submission ID: 1503699 | Company: ELAN Microelectronics Corporation |
| Created date: 6/29/2012 | Contact name: Lesley Chao |
| Category: Device | Billing group: ELAN Microelectronics Corporation |

Qualifications achieved

| | |
|--|-------|
| Certified for Microsoft Windows 8 Client family, x64 | Touch |
|--|-------|

View | Manage | Download

[Certification verification report](#) | [Resold submissions](#) | [Resell this submission](#) | [Certification artwork pack](#) | [Certification style guide](#)

WW #1 Pass Windows 8



Windows hardware certification report: Approved

Submission ID: 1726290
 Submission date: 5/20/2015
 Hardware certification completion date: 5/20/2015

Company: ELAN Microelectronics Corporation
 Product name: 15.6" - Dione_Cando - EKTH3915S - Toshiba
 Category: Device
 Product type: Touch
 Qualification level: Certified for Microsoft Windows 10 Client family versions 1506 and 1511, x64
 Marketing names: N/A

WW #1 Pass Windows 10



Windows hardware certification report: Approved

Demo

Submission ID: 1726843
 Submission date: 5/24/2015
 Hardware certification completion date: 5/26/2015

Company: ELAN Microelectronics Corporation
 Product name: 13.3" - Pike HH FHD - EKTH5215S - HP
 Category: Device
 Product type: Pen Digitizer
 Qualification level: Certified for Microsoft Windows 10 Client family versions 1506 and 1511, x64
 Marketing names: N/A

WW #1 Pass Win 10 MPP1.5/1.51

Sat 4/28/2018 2:11 AM

CL Christian Lamp
 Confirmation of Elan MPP 2.0 Compliancy

To: Joe.Yeh

Dear Elan, **Demo**

We are happy to inform you that after reviewing the results you submitted from the Microsoft Tilt Addendum and Digiinfo that your 6xxx series Touch Controller is fully MPP 2.0 Compliant. We look forward to a seeing products with the 6xxx series controller in the Windows Ecosystem delivering great user experiences such as reduced latency with the 266hz report rate, tilt, and 4096 pressure levels.

Thanks
 Christian

WW #1 Pass Win 10 MPP2.0

Pen on Touchscreen Era is Coming !

The Always Connected PC

Windows on Qualcomm 835 with 20 hour Battery Life

HP Envy X2



12.3" WUXGA+ with Corning GG4



ASUS NovaGo



13.3" FHD LTPS

Lenovo Miix 630



12.3" WUXGA+

ELAN Smart-Touchscreen™ Inside!

Pen on Touchscreen Era is Coming !

Windows Ink Badging



2017 ELAN Shipping Record
Pen on Touchscreen Penetration More Than 50%

The New Apple 9.7-inch iPad



Apple Pencil \$99



Logitech Crayon \$49

The new 9.7-inch

iPad



NOW SUPPORTS APPLE PENCIL

iPad with Pencil Support Trend

12.9-in. iPad Pro



From \$799

10.5-in. iPad Pro



From \$649

iPad



From \$329

(\$299 for EDU)



More Inking Integrations with Chrome OS



Chrome OS ecosystem is evolving and adding more innovative inking features.

- Support for Web Apps and Android Apps
- Low Latency API (10ms)
- Lockscreen Notes
- Google Assistant

The World 1st Chromebook Tablet is Here!



**Acer Chromebook Tab 10 has a 9.7" 2048 x 1536 Display for 329 USD
With ELAN Smart-Touchscreen™ Inside!**



Reference: <https://www.theverge.com/circuitbreaker/2018/3/26/17157444/acer-chromebook-tab-10-first-chrome-os-tablet-announced>

Tablet PC Brand Shipments and Sales Targets

Unit: Millions

| Brand Shipments | 2016 (Actual) | 2017 (Forecast) | 2018 (Forecast) | 2017 Y/Y (Forecast) | 2018 Y/Y (Forecast) |
|-----------------|---------------|-----------------|-----------------|---------------------|---------------------|
| Apple | 42.4 | 46.9 | 47.0 | 10.7% | 0.2% |
| Samsung | 28.8 | 25.4 | 25.0 | -11.8% | -1.6% |
| Huawei | 9.7 | 13.0 | 16.5 | 33.4% | 26.9% |
| Amazon | 11.8 | 12.4 | 15.0 | 5.0% | 21.0% |
| Lenovo Group | 11.7 | 10.6 | 8.0 | -9.1% | -24.5% |
| Microsoft | 4.1 | 3.7 | 4.0 | -10.8% | 8.1% |
| RCA | 5.5 | 6.0 | 7.0 | 9.0% | 16.7% |
| Asus | 4.1 | 3.2 | 3.0 | -21.4% | -6.3% |
| Acer | 2.8 | 1.6 | 1.5 | -43.0% | -6.3% |
| Others | 67.8 | 52.4 | 39.5 | -22.8% | -24.6% |
| WW Market | 188.8 | 175.2 | 166.5 | -7.2% | -4.9% |

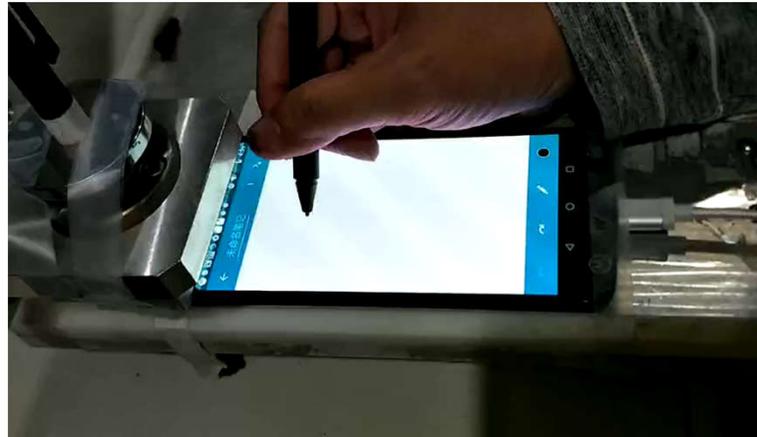
Source: IHS

AMOLED w/ ELAN Smart-Touchscreen™ Inside

A company
5.89" Rigid AMOLED



B company
6.01" Rigid AMOLED



C company
6.01" Rigid AMOLED



Q & A

Smart-Touchscreen™ Controller



AES & MPP Pens



OLED with Stylus



TDDI Solution

Smart-Touchpad™



Smart-Face ID™



Animoji Unlocking

Smart-ID™ Fingerprint Sensor



AI Enabled Smart Lighting & Surveillance



Smart-Pointstick™



AI Enabled Smart Store



AI Enabled Smart Transportation

